

STATE FIRE AND TORNADO INSURANCE FUND

INLAND MARINE ALL-RISKS FLOATER COVERAGE FORM

Various provisions in this certificate restrict coverage. Read the entire certificate carefully to determine rights, duties and what is and is not covered.

Throughout this certificate, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the State Fire and Tornado Insurance Fund.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section G-DEFINITIONS.

A. COVERAGE

1. COVERED PROPERTY

This certificate covers specifically scheduled and individually described personal property up to limit specified on the schedules provided by your agency of the Commonwealth of Kentucky on file with the Department of Insurance, Frankfort, Kentucky.

2. PROPERTY NOT COVERED

This certificate does not insure:

- a. Currency, money, deeds, evidence of debt, notes, securities, jewelry, precious stones, precious metals or their alloys, furs or garments trimmed with fur;
- b. Growing crops, standing timber, trees, shrubs, plants, or lawns;
- c. Property in the course of construction, including any repairs, renovations, alterations or additions to existing buildings or structures;
- d. Watercraft, including motors, equipment, and accessories while afloat;
- e. Property sold by the insured under conditional sale, trust agreement, installment plan, or their deferred payment plan after delivery to customers;
- f. Valuable papers or accounts receivable;
- h. Live animals, fish or birds;
- i. Mines, caverns, tunnels and all property contained therein;
- j. Parking lots;
- k. Aircraft.
- l. Unscheduled property.

3. COVERED CAUSES OF LOSS

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL "LOSS" to Covered Property except those causes of "loss" limited and excluded herein.

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4. ADDITIONAL COVERAGES

a. Debris Removal

- (1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the certificate period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) The most we will pay under this Additional Coverage is 25% of:
 - (a) The amount we pay for the direct physical loss of or damage to Covered Property; plus
 - (b) The deductible in this policy applicable to that loss or damage.
- (3) This Additional Coverage does not apply to costs to:
 - (a) Extract "pollutants" from land or water; or
 - (b) Remove, restore or replace polluted land or water.

b. Collapse

We will pay for direct "loss" caused by or resulting from risks of direct physical "loss" involving collapse of all or part of a building or structure caused by one or more of the following:

- (1) Fire; lightning; windstorm; hail; explosion; smoke; aircraft; vehicles; riot; civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; breakage of building glass; falling objects; weight of snow, ice or sleet; water damage; all only as insured against in this Coverage Form;
- (2) Hidden decay;
- (3) Hidden insect or vermin damage;
- (4) Weight of people or personal property;
- (5) Weight of rain that collects on a roof;

- (6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

This Additional Coverage does not increase the Limits of Insurance provided in this Coverage Form.

5. COVERAGE EXTENSIONS

- a. If during the certificate period you acquire additional property of a type already covered by this form, we will cover such property for up to 90 days, but not beyond the end of the certificate period. The most we will pay in a "loss" is \$500,000.
- b. You will report such property within 90 days from the date acquired and will pay any additional premium due. If you do not report such property and submit supporting schedules, coverage will cease automatically 90 days after the date the property is acquired or at the end of the certificate period, whichever occurs first.
- c. This extension does not apply to temporary endorsements covering exhibits and/or transit coverage.

B. EXCLUSIONS

1. We will not pay for a "loss" caused directly or indirectly by any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss".
- a. **Governmental Action**
- Seizure or destruction of property by order of governmental authority. But we will pay for "loss" caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.
- b. **Nuclear Hazard**
- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.
- c. **War and Military Action**
- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or ex-

pected attack, by any government, sovereign or other authority using military personnel or other agents; or

- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. We will not pay for "loss" or damage caused by or resulting from any of the following:

- a. Delay, loss of use, loss of market or any other consequential loss.
- b. Dishonest or criminal act committed by:
- (1) You, any of your partners, employees, directors, trustees, or authorized representatives;
- (2) Anyone else with an interest in the property, or their employees or authorized representatives;
- (3) Anyone else to whom the property is entrusted for any purpose.

This exclusion applies whether or not such persons are acting alone or in collusion with other persons or such acts occur during the hours of employment.

This exclusion does not apply to Covered Property that is entrusted to others who are carriers for hire or to acts of destruction by your employees. But theft by employees is not covered.

- c. Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- d. Unauthorized instructions to transfer property to any person or to any place.
- e. Smoke, vapor or gas from agricultural smudging or industrial operations.
- f. (1) Wear and tear, any quality in the property that causes it to damage or destroy itself, gradual deterioration; insects, vermin or rodents;
- (2) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Mechanical breakdown, including rupture or bursting caused by centrifugal force;
- (5) The following causes of loss to personal property:
- (a) Dampness or dryness of atmosphere;

(b) Changes in or extremes of temperature; or

(c) Marring or scratching.

But if an excluded cause of loss that is listed in 2.f. (1) through (5) results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

- g. Personal property undergoing alteration, repairs, testing, adjusting, maintenance, installation or servicing when such loss is directly attributable to the operations or work being performed thereon, unless loss or damage by a peril not otherwise excluded ensues, and then this Fund shall only be liable for such ensuing loss.
 - h. Solidification of the contents of molten pots, molten pot lines or appurtenances, nor the cost of recovery of escaped contents.
 - i. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
 - j. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - (1) You do your best to maintain heat in the building or structure; or
 - (2) You drain the equipment and shut off the supply if the heat is not maintained.
 - k. Rain, snow, ice, sleet, or dust to personal property in the open.
 - l. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
3. We will not pay for loss or damage caused by or resulting from any of the following, 3.a. through 3.c. But if an excluded cause of loss that is listed in 3.a. through 3.c. results in a Covered Cause of Loss, we will pay for the

loss or damage caused by that Covered Cause of Loss.

- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the loss or damage.
- b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
- c. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance;of part or all of any property wherever located.
- d. Collapse except as provided in the Additional Coverage-Collapse section of this Coverage Form.

C. LIMITS OF INSURANCE

The most we will pay for "loss" in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

D. DEDUCTIBLE

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. The sum of \$500.00 be deducted from each claim for loss or damage caused by artificially generated electric currents.

E. LOSS CONDITIONS

1. ABANDONMENT

There can be no abandonment of any property to us.

2. APPRAISAL

If we and you disagree on the value of the property or the amount of "loss", either may make written demand for an appraisal of the "loss". In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of "loss". If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and

- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. DUTIES IN THE EVENT OF LOSS

You must see that the following are done in the event of loss or damage to Covered Property:

- a. Notify the police if a law may have been broken.
- b. Give us prompt notice of the loss or damage. Include a description of the property involved.
- c. As soon as possible, give us a description of how, when and where the loss or damage occurred.
- d. Take all reasonable steps to protect the Covered Property from further damage by a Covered Cause of Loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs, for consideration in the settlement of the claim. This will not increase the Limit of Insurance.
- e. At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- f. Must report loss within 10 days from knowledge.
- g. Report and Proof of Loss Form #DOA-11 shall be signed and returned by you within 14 days.
- h. Cooperate with us in the investigation or settlement of the claim.

4. LOSS PAYMENT

We will prepare and forward for your signature a Report and Proof of Loss Form #DOA-11 to initiate payment by journal voucher into the account specified by you or make good any "loss" covered under this certificate within 30 days after:

- a. We reach agreement with you;
- b. The entry of final judgment; or
- c. The filing of an appraisal award.

We will not be liable for any part of a "loss" that has been paid or made good by others.

5. OTHER INSURANCE

If you have other insurance covering the same "loss" as the insurance under this certificate, we will pay only the excess over what you should have received from the other insurance. We will pay the excess whether you can collect on the other insurance or not.

6. PAIR, SETS OR PARTS

- a. Pair or Set. In case of "loss" to any part of a pair or set we may:

- (1) Repair or replace any part to restore the pair or set to its value before the "loss"; or
- (2) Pay the difference between the value of the pair or set before and after the "loss".

- b. Parts. In case of "loss" to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

7. PRIVILEGE TO ADJUST WITH OWNER

In the event of "loss" involving property of others in your care, custody or control, we have the right to:

- a. Adjust the "loss" with the owners of the property. We will not pay more than the owner's financial interest in the Covered Property.
- b. Provide a defense for legal proceedings brought against you. If provided, the expense of this defense will be at our cost and will not reduce the applicable Limit of Insurance under this certificate.

8. RECOVERIES

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

9. REINSTATEMENT OF LIMIT AFTER LOSS

The Limit of Insurance will not be reduced by the payment of any claim, except for total "loss" of a scheduled item, in which event we will refund the unearned premium on that item.

10. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this insurance has rights to recover damages from another, those rights are transferred to us to the extent of our payment. You must do everything necessary to secure our rights and must do nothing after "loss" to impair them.

F. ADDITIONAL CONDITIONS

1. CONCEALMENT, MISREPRESENTATION OR FRAUD

This certificate is void in any case of fraud, intentional concealment or misrepresentation of a material fact, by you or any other insured, at any time, concerning:

- a. This certificate;

- b. The Covered Property;
- c. Your interest in the Covered Property; or
- d. A claim under this certificate.

2. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this certificate unless:

- a. There has been full compliance with all terms of this certificate; and
- b. The action is brought within 2 years after you first have knowledge of the "loss".

3. NO BENEFIT TO BAILEE

No state agency, other than you, having custody of Covered Property, will benefit from this insurance.

4. CERTIFICATE PERIOD

We cover "loss" commencing during the certificate period shown in the Declarations.

5. VALUATION

- a. The value of property will be the least of the following amounts:
 - (1) The actual cash value of that property;
 - (2) The cost of reasonably restoring that property to its condition immediately before "loss"; or
 - (3) The cost of replacing that property with substantially identical property.
- b. With respect to **SCHEDULED FINE ARTS ONLY**, the most we will pay in the event of "loss" to Covered Property is the lesser of the following up to the limit of liability shown in the schedule:
 - (1) The cost of reasonably restoring that property to its condition immediately before "loss"; or
 - (2) The cost of replacing that property with substantially identical property.

In the event of "loss", the value of property will be determined as of the time of "loss".

6. COVERAGE TERRITORY

We cover property wherever located within:

- a. The United States of America; and
- b. Canada.

7. PACKING AND UNPACKING

You agree that Covered Property will be packed and unpacked by competent packers.

G. DEFINITIONS

- 1. **"Loss"** means accidental loss or damage.
- 2. **"Specified Causes of Loss"** means the following: Fire; lightning; explosion; wind-

storm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

- a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.
- b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
- c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.
- 3. **"Pollutants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.